

VZCZCXRO5124  
PP RUEHAG RUEHAST RUEHBW RUEHDA RUEHDF RUEHFL RUEHIK RUEHKW RUEHLA  
RUEHLN RUEHLZ RUEHROV RUEHSR RUEHVK RUEHYG  
DE RUEHPOD #0141/01 1260906  
ZNR UUUUU ZZH  
P 050906Z MAY 08  
FM AMEMBASSY PODGORICA  
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE  
RUCPDO/DEPT OF COMMERCE WASHINGTON DC  
RUEHPOD/AMEMBASSY PODGORICA 0859

UNCLAS SECTION 01 OF 02 PODGORICA 000141

SIPDIS

SENSITIVE  
SIPDIS

E.O. 12958: N/A  
TAGS: [EINV](#) [ETRD](#) [ECON](#) [PREL](#) [RU](#) [MW](#)  
SUBJECT: UNPRECEDENTED INVESTMENT OPPORTUNITIES IN MONTENEGRO

PODGORICA 00000141 001.2 OF 002

¶1. (U) Summary: Montenegro is entering the largest investment cycle in its history, a cycle that creates serious potential opportunities for U.S. and other Western investors. The GoM plans tenders totaling between 15 and 20 billion euros in infrastructure, tourism, energy, and the privatization of the remaining state-owned companies over the next two years. Eager to change the impression that only Russians are investing in Montenegro, the GOM is carrying out an aggressive "invest in Montenegro" campaign around the world. As part of this campaign, Minister for Economy Gvozdenovic will be in the U.S. this week to pitch several large projects to potential U.S. investors. End summary.

¶2. (U) The types of investments and projects, including their estimated worth (in Euros), which the GoM plans to release in the next two years are as follows (this is not an exhaustive list):

#### Infrastructure and Energy

Highways -- 3.2 billion Euros

Water Supply/Waste water and Solid waste  
-- 150 million Euros

Energy projects/5 Hydro plants and 2nd block of  
Thermo plant -- 2.5 billion Euros

#### Privatizations

Port of Bar -- 125 million Euros

Railway (Bar - Belgrade, Niksic - Capljina, and  
Berane - Pec) -- 450 million Euros

Airports of Montenegro (Podgorica and Tivat)  
-- 60 million Euros

Vineyard Plantaze -- 150 million Euros

Tobacco Company -- 15 million Euros

Institute Simo Milosevic (a health and wellness

center) -- 125 million Euro

Montenegro Airlines -- 60 million Euros

#### Greenfield investments in the tourism sector

Ada Bojana -- 200 million Euros

Velika Plaza -- estimated between 3 and 10  
billion Euros

Valdanos -- 150 million Euros

Ostrvo cvijeca -- 75 million Euros

Kumbor -- 90 million Euros

Lustica -- 1,000 million Euros

Bigova -- 40 million Euros

Zabljak former Military site -- 12 million Euros

Jaz -- 500 million Euros

Buljarica -- 1 billion Euros

13. (SBU) The presidential elections dominated the GoM's schedule in March and early April, but since incumbent Filip Vujanovic's convincing victory on April 6, ministers with responsibility for the upcoming tenders have been touring the country and the globe

PODGORICA 00000141 002.2 OF 002

looking for investors. Economic Development Minister Gvozdenovic and Tourism Minister Nenezic were in Dubai during the week of April 21, Minister Gvozdenovic and a team from the Ministry of Economic Development head to the U.S. for a week to promote projects in the energy sector and one very large tourism project -- Velika Plaza -- on May 5, and Minister Gvozdenovic will follow up his U.S. trip with a stop in Paris the following week. Transport Minister Lompar will promote the highway project in London at the end of May.

14. (SBU) Back in Podgorica, DPM Gordana Djurovic is focused on strengthening the country's overall international economic standing, most notably moving Montenegro full steam ahead into the WTO. Having reached agreement with the EU on terms of its WTO accession, the U.S. is now the main remaining bilateral partner with whom the GOM must reach an accord prior to joining the WTO. In a meeting with the Ambassador on April 29, the DPM proposed holding "technical-level" discussions to resolve remaining bilateral issues and noted that the GOM would be delighted to welcome a U.S. team to the Montenegrin coast, perhaps on the eve of the next Working Party -- which she hopes will be in July -- or earlier. She also said that Geneva or Washington would work as venues for such discussions. Djurovic said Gvozdenovic may raise this idea in his Washington meetings this week.

15. (SBU) Comment: By the end of May, the GoM will have approached at least six countries with in-person Ministerial-level delegations to promote investment opportunities in Montenegro. Officials have also been promoting the opportunities widely in the Montenegrin press and through

local and regional conferences, such as the Vienna Economic Forum in mid April, and are working hard to strengthen Montenegro's economic standing internationally. It is clear that building on the impressive economic growth that Montenegro has seen over the last few years is a significant priority for the GoM. It is also an area in which Prime Minister Djukanovic has told us he expects to see tangible results by the end of the GoM's current mandate (Fall 2009). Central European and Russian investors are already aware of the possibilities in Montenegro, and the challenge is to spread this awareness, particularly to U.S. investors. Minister Gvozdenovic's trip to the U.S. in May will be a positive step in this direction.

RMOORE